Household Wealth and Finances in Germany
Key findings from the „Panel on Household Finances (PHF)“ 2021

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This presentation represents the author’s personal opinions and do not necessarily reflect the views of the Deutsche Bundesbank or the Eurosystem.
The Panel on Household Finances (PHF)

• The „Panel on Household Finances (PHF)“ …

• … is the German part of the („Household Finance and Consumption Survey“ (HFCS)) conducted by the Bundesbank

• … comprises surveys of households in 2010/11, 2014, 2017 and 2021

• ... has a large panel component and oversamples households in wealthy areas
The Panel on Household Finances (PHF) in 2021

- **Moved** fourth PHF wave **from 2020 to 2021** due to the pandemic:
  - adjusted data collection mode from face-to-face (CAPI) to telephone (CATI)
  - kept questionnaire almost **unchanged** to ensure **comparability**
  - added **Corona** module

- 4,119 interviewed **households** (83% panel, waves 2-3 58%)

- **Economic** environment 2017 to 2021:
  - Substantial **increase of house prices** and the German **stock market**
  - Low interest and inflation rates
  - **Corona-measures**: reduced consumption opportunities, government programs to stabilise income
The Distribution of Household Net Wealth in 2021

Data as at 3/2023
Net wealth of private households increased substantially between 2017 and 2021

- **Mean net wealth:**
  - 2017: 232 800 €
  - 2021: 316 500 € (+36%)

- **Median net wealth:**
  - 2017: 70 800 €
  - 2021: 106 600 € (+51%)

Net wealth increased across the distribution between 2017 and 2021

- Net wealth levels increased across the distribution, not only around the median or at the top.
- Strongest absolute increases at the top of the distribution.

**Diagram:**

Distribution of German households' net wealth

- Mean in 2021: €316,500
- Median in 2021: €106,600
- Cut-off for the wealthiest 10% in 2021: €725,900


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Relative to existing wealth holdings, the increase was strongest in the lower parts of the distribution

- **Financial assets** and in particular balances of current and savings accounts are notably higher in the lower parts of the distribution than in previous waves.

- **Additional savings** due to restricted consumption opportunities?

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**Change in Net Wealth (mean), by quantiles**

<table>
<thead>
<tr>
<th>Change in Net Wealth (mean), by quantiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>%, as at March 2023</td>
</tr>
<tr>
<td>+80</td>
</tr>
<tr>
<td>+60</td>
</tr>
<tr>
<td>+40</td>
</tr>
<tr>
<td>+20</td>
</tr>
<tr>
<td>0</td>
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<tr>
<td>-20</td>
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<tr>
<td>-40</td>
</tr>
</tbody>
</table>

Quantiles of the net wealth distribution

Sources: PHF 2010-2011, PHF 2014, PHF 2017, PHF 2021. 1 Average net wealth is negative in the bottom quantile of the net wealth distribution. The percentages shown for this part of the distribution are thus multiplied by −1. A positive share indicates that the mean is closer to zero compared with the previous wave. A change from €200 to €100 would show up in the graph as a 50% increase.

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Wealth inequality declined over the last decade in Germany

- **Relative measures** of inequality declined between 2010 and 2021.

- **Share** of net wealth belonging to the top 10% of the distribution stable between 2017 and 2021, but smaller than in 2010.

- The **interquartile range** (P75-P25) increased from one wave to the next. This would have happened even if all households increased their wealth by the same factor.

### Measures of Inequality

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2014</th>
<th>2017</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean/Median ratio</td>
<td>3,8</td>
<td>3,6</td>
<td>3,3</td>
<td>3,0</td>
</tr>
<tr>
<td>P90/Median ratio</td>
<td>8,6</td>
<td>7,8</td>
<td>7,8</td>
<td>6,8</td>
</tr>
<tr>
<td>Gini-coefficient</td>
<td>76 %</td>
<td>76 %</td>
<td>74 %</td>
<td>73 %</td>
</tr>
<tr>
<td>Share of total net wealth held by wealthiest 10%</td>
<td>59%</td>
<td>60%</td>
<td>55%</td>
<td>56%</td>
</tr>
<tr>
<td>Interquartile range in euro</td>
<td>203,000</td>
<td>221,000</td>
<td>262,000</td>
<td>338,000</td>
</tr>
</tbody>
</table>

Sources: PHF 2010/11, PHF 2014, PHF 2017, PHF 2021
Comparing Germany with the Euro Area

- **Median** net wealth lower for **Germany** (106,600 €) than **euro area** median (123,500 €)

- **Mean** net wealth higher for **Germany** (316,500 €) than **euro area** mean (292,100 €)

- Net wealth **inequality higher** in **Germany** (Gini: 73%) than **euro area** (Gini: 69%).
More households state that they are able to save in 2021 than in 2017

- The share of households indicating to regularly save a fixed amount, increased from 43% in 2017 to 46% in 2021.

- In 2021, fewer households than in previous waves indicated that they were unable to save, especially in the bottom quantile of the distribution.

- Savings motives for savers didn’t change much over the years.

- Saving for emergencies still the most important motive

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**Most important motive for saving**

<table>
<thead>
<tr>
<th></th>
<th>2010-2011</th>
<th>2014</th>
<th>2017</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other motives</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Education/support of children and grandchildren</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Holiday/travel</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
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<tr>
<td>Retirement</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Safety net for emergencies</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Major purchases (^1)</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Purchase of residential real estate</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Sources: PHF 2010-2011, PHF 2014, PHF 2017, PHF 2021. \(^1\) For example, other real estate, furniture, vehicles or renovations. Deutsche Bundesbank
Summary and Outlook

• **Net wealth** of households in Germany **increased across the distribution** between 2017 and 2021.

• Net wealth **inequality declined** over the last decade in Germany.

• The fifth wave started in May 2023.
Thank you for your attention.

Contact: phf@bundesbank.de

Additional results: https://www.bundesbank.de/resource/blob/908924/3ef9d9a4eaeae8a8779ccec3ac464970/mL/2023-04-vermoegensbefragung-data.pdf